

WARNING-UNAPPROVED MINUTES

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The 298th meeting of the Rhode Island Student Loan Authority was held on Friday, September 28, 2012 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Mr. John Howell
Mr. Chris Feisthamel, Designee of the General Treasurer

Members Absent:

Ms. Patti Doyle

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Chad Pastorius

The meeting was called to order by Dr. Santoro at 10:13 a.m.

Upon a motion made by Dr. Croasdale and seconded by Mr. Feisthamel it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on June 19, 2012.

Upon a motion made by Mr. Howell and seconded by Mr. Feisthamel it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on July 20, 2012.

Chairman's Report

There was no Chairman's report.

Executive Director's Report

Mr. Kelley told the board the RISLA was one of only eight education loan lenders mentioned in CNN Money Magazine regarding the low interest rates it provides to students. He also mentioned RISLA's financial literacy programs. Some high schools have imbedded financial literacy programs at their schools. Students who utilize these resources are eligible to receive a deferred RIFEL loan with no origination fees. And for those schools that do not offer the service, there is also an online course students can take where they will also be eligible for the same loan benefits.

Mr. Kelley announced to the board that RISLA and the CPC held its 3rd annual College Fair at McCoy stadium where approximately 3,000 people were in attendance.

Internship Program Update

Mr. Kelley announced that the Internship Program would be launched on October 9th. This is a program that RISLA is working on in conjunction with the Independent School Association. Mr. Kelley noted that it is up to the schools as to whether or not students receive college credits for their internship.

Action Item #6 – Acceptance of Audited Financials

Dr. Croasdale noted that he would like to see a few minor changes, such as the vendor list categorized, beginning with next year's financials. He told the board that the Finance Subcommittee had met with the auditors the week prior.

Mr. Simpson mentioned that the auditor general's office had accepted the Authority's financials, subject to the board's approval and that there was no management letter.

Upon a motion made by Dr. Croasdale and seconded by Mr. Feisthamel it was unanimously

VOTED to accept the Audited Financials.

Mr. Kelley discussed with the board the most recent bond transactions in which the Authority retired \$115 million in auction rate bonds that generated an \$8 million gain. He explained the refinancing of the Letter of Credit with State Street Bank and the new FRN deal which will have a constant spread. He discussed the possibility to refinance loans in the federal conduit, but stated that the conduit represents a slightly a lower cost to RISLA right now. The current State Street Letter of Credit expires in 2014, when it expires it is estimated that there will be approximately \$70-\$80 million in loans remaining and RISLA would need a transaction of at least \$100 million to refinance economically, therefore RISLA would need to keep a portion of the conduit loans to add to the state street portfolio.

Action Item #8 – Amendment to Prior Bond Resolution

Mr. Kelley explained to the board that Orrick has asked the board to authorize a change in issuance costs for the most recent bond transaction that occurred on August 30, 2012 in which RISLA would use proceeds from the Bonds instead of the Authority's funds to pay issuance costs.

Upon a motion made by Dr. Croasdale and seconded by Mr. Feisthamel it was unanimously

VOTED to amend the prior bond resolution as follows: The Authority will pay the costs of issuance of the Bonds from the net proceeds of the Bonds, in an amount not exceeding \$327,000. The foregoing resolution shall take effect immediately, retroactive to the date of the issuance of the Bonds.

Action Item #9 – Authorizing Resolution for New Bond Issue

Mr. Kelley discussed the details of the new bond issue and told the board that he would like to close this new deal before or just after Thanksgiving and that Bank of America will be the lead underwriter, since they won the RFP, with a co manager being Bank of Montreal.

Mr. Feisthamel asked Mr. Kelley where the funds would come from to pay for the issuance costs for this new bond issue. Mr. Kelley stated that the funds would come from the Authority to pay for issuance costs as well as any parity requirements.

Upon a motion made by Mr. Howell and seconded by Mr. Feisthamel it was unanimously

VOTED to adopt a Resolution Authorizing the Issue of Not in Excess of \$260 million in FRN backed by FFELP loan collateral.

Mr. Kelley discussed the Loan Forgiveness Programs RISLA currently provides through the RI Foundation.

Mr. Kelley discussed the prospective loan programs RISLA could provide for next year. He told the board that most colleges are reluctant to talk about any programs other than the federal programs available to students.

Mr. Howell talked about Make it Happen RI and postponing payments on loans. He said this would attract students to stay in state. He also mentioned that this could be tied to income and that it could help to build the workforce and also might attract others from outside the state to come into RI.

Mr. Feisthamel asked if this would be an interest forgiveness program or if the interest would accrue during the time of postponement. Mr. Kelley stated that there are different possibilities and it would be based on cash flow analysis and that there would be a cost to the Authority, it would depend on what RISLA could afford. Mr. Kelley stated that a program would need to be decided by December in order to announce a rate by March, but it all depends on how much the agency can absorb. He said the federal government has pulled back on its loan benefits and now may be the time when RISLA can step in and provide those benefits.

Dr. Croasdale suggested the staff keep in touch with Senator Reed's office in its decision making.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to adjourn at 11:00 a.m.

John Howell
Secretary